

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 5399-02
Bill No.: HCS for HB 2373
Subject: Fire Protection, Taxation and Revenue - Property
Type: Original
Date: April 6, 2010

Bill Summary: Would change the method of calculation for revising tax levy rates.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2011	FY 2012	FY 2013
Total Estimated Net Effect on General Revenue Fund	\$0	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2011	FY 2012	FY 2013
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 6 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2011	FY 2012	FY 2013
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2011	FY 2012	FY 2013
Total Estimated Net Effect on FTE	0	0	0

☐ Estimated Total Net Effect on All funds expected to exceed \$100,000 savings or (cost).

☐ Estimated Net Effect on General Revenue Fund expected to exceed \$100,000 (cost).

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2011	FY 2012	FY 2013
Local Government	Unknown to (Unknown)	Unknown to (Unknown)	Unknown to (Unknown)

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Office of the Secretary of State (SOS)** stated that many bills considered by the General Assembly include provisions allowing or requiring agencies to submit rules and regulations to implement the act. The SOS is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. The fiscal impact for this fiscal note to SOS for Administrative Rules is less than \$2,500. The SOS recognizes that this is a small amount and does not expect that additional funding would be required to meet these costs. However, we also recognize that many such bills may be passed by the General Assembly in a given year and that collectively the costs may be in excess of what our office can sustain with our core budget. Therefore, we reserve the right to request funding for the cost of supporting administrative rules requirements should the need arise based on a review of the finally approved bills signed by the Governor.

Officials from the **Department of Revenue, the State Tax Commission, the City of Centralia, and Parkway School District** assume this proposal would have no fiscal impact on their organizations.

Officials from the **City of Kansas City** assume this proposal could have a negative impact on their organization of an indeterminate amount.

Officials from the **Office of the State Auditor (SAO)** assume this proposal would require their organization to revise the current tax rate forms and educate taxing authorities on the changes, and would generate calls in regards to the change. SAO officials estimated that the additional duties in relation to this proposal would require 2.0 FTE Staff Auditor I in the Tax Rate section.

SAO officials provided an estimate of the cost to implement this proposal including two additional employees and the related equipment and expenditures totaling \$103,922 for FY 2011, \$126,361 for FY 2012, and \$130,153 for FY 2013.

ASSUMPTION (continued)

Oversight notes that the provisions regarding the tax rate levy limit would apply only to a local government which has received voter approval for a tax increase after August 27, 2008. The provisions which would require the use of a blended tax rate in a property tax limit calculation would apply only to taxing authorities that use separate rates for each subclass of taxable property. Currently, only taxing authorities in St. Louis County use separate tax rates.

Accordingly, Oversight assumes this proposal could potentially change the tax limit calculation for a limited number of taxing authorities and that SAO could absorb the additional responsibilities with existing resources. If unanticipated additional effort is incurred or if multiple proposals are implemented which increase the SAO workload, resources could be requested through the budget process.

Levy Rate Calculations

In response to a previous version of this proposal, officials from the **Office of Administration, Division of Budget and Planning**, assumed there would be no added cost to their organization as a result of these provisions. This proposal would modify certain provisions governing the calculation of local tax rates. This proposal would not impact general and total state revenues.

Officials from the **Special School District of St. Louis County** assumed these provisions in a previous version of this proposal would have no fiscal impact on their organization.

Blended Levy Rate Reporting

Officials from the **Office of Administration, Division of Budget and Planning**, assumed there would be no added cost to their organization as a result of similar provisions in SB 1064, LR 5302-01. The provisions would modify the way tax levies are calculated in certain counties. This proposal could impact local funds, but would not impact general and total state revenues.

Officials from the **Department of Elementary and Secondary Education** assumed similar provisions in SB 1064, LR 5302-01 would not change the cost of the school foundation formula; there would be no increased or decreased state cost.

ASSUMPTION (continued)

Oversight is not able to determine whether the provisions in this proposal would result in any increase or decrease in a local government tax rate, and will indicate a fiscal impact from unknown positive to unknown negative for local governments.

<u>FISCAL IMPACT - State Government</u>	FY 2011 (10 Mo.)	FY 2012	FY 2013
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

<u>FISCAL IMPACT - Local Government</u>	FY 2011 (10 Mo.)	FY 2012	FY 2013
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LOCAL GOVERNMENTS

<u>Revised tax rate limit calculation</u>	<u>Unknown to (Unknown)</u>	<u>Unknown to (Unknown)</u>	<u>Unknown to (Unknown)</u>
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ESTIMATED NET EFFECT ON LOCAL GOVERNMENTS	<u>Unknown to (Unknown)</u>	<u>Unknown to (Unknown)</u>	<u>Unknown to (Unknown)</u>
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FISCAL IMPACT - Small Business

No direct fiscal impact to small businesses would be expected as a result of this proposal.

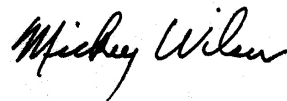
FISCAL DESCRIPTION

The proposed legislation would change the method of calculation for revising tax levy rates, and would require the use of a blended tax rate computation for certain local governments.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Office of the Secretary of State
Office of the State Auditor
Office of Administration
 Division of Budget and Planning
Department of Revenue
City of Centralia
City of Kansas City
Special School District of St. Louis County

A handwritten signature in black ink that reads "Mickey Wilson". The signature is written in a cursive, flowing style.

Mickey Wilson, CPA
Director
April 6, 2010